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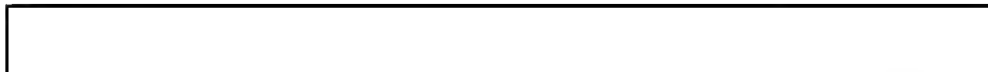
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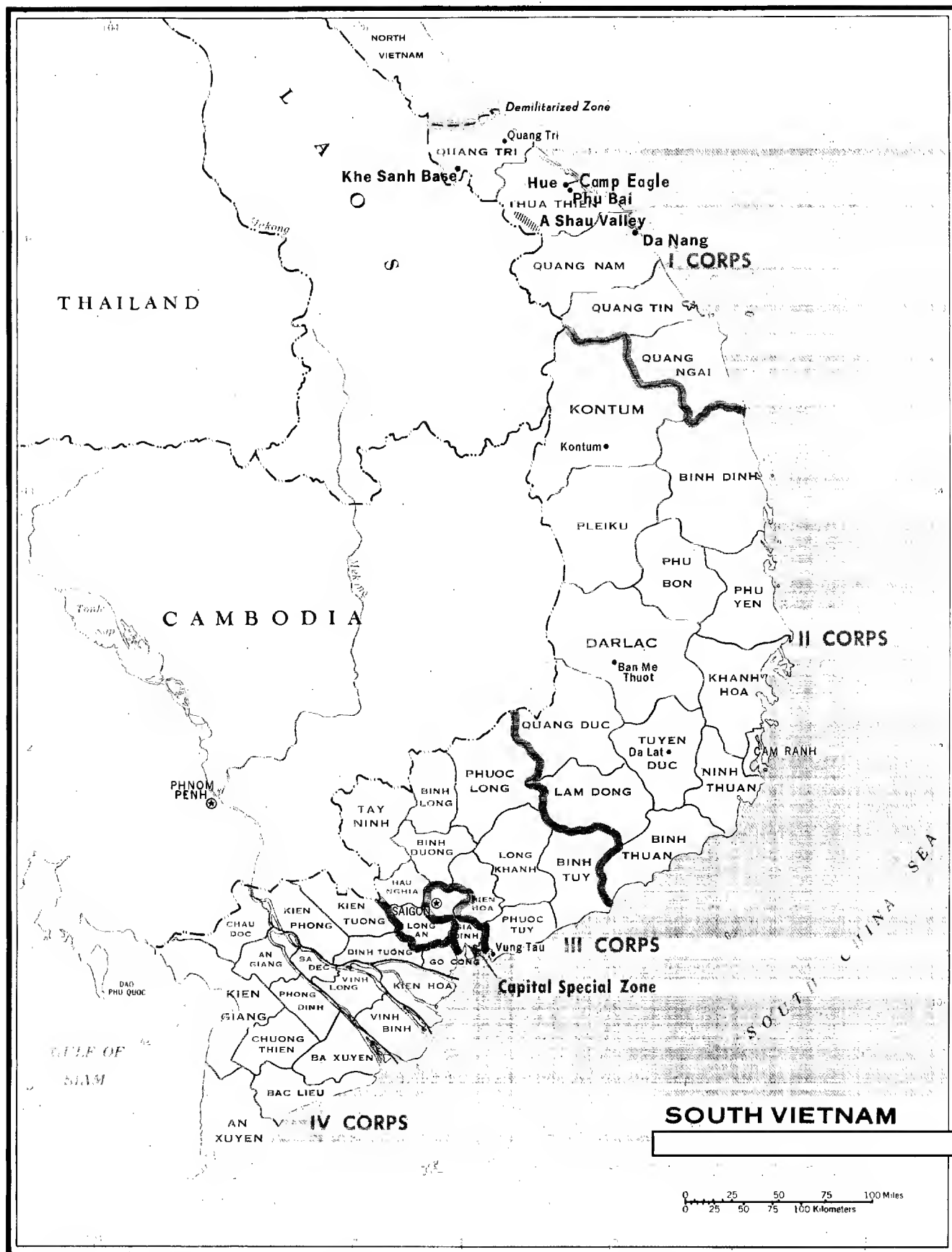
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Vietnam:

South Vietnam: Huong may already be running into some snags in trying to induce well-known political figures to join his cabinet.

Ha Thuc Ky, leader of the Revolutionary Dai Viet Party based in the northern provinces, is balking at an offer to serve as first minister of state without substantive duties, [REDACTED] and is seeking a voice in the selection of the entire cabinet. The Huong cabinet is still mostly in the rumor stage, but he may decide to tread cautiously regarding positions held by senior military officers.

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The northern provinces continue to be the scene of heavy enemy shellings and small-scale clashes.

On 21 May, for the third day in a row, US bases in this region were struck by Communist mortar or rocket fire. Camp Eagle, five miles southeast of Hue, received a 300-round barrage, followed by a ground probe that left 13 Americans and 54 enemy dead. Nearby, the major US headquarters at Phu Bai was struck by over 150 mortar rounds.

Allied forces from Khe Sanh to the area southwest of Da Nang report sharp encounters with enemy units. Prisoners captured in the fighting around Khe Sanh now indicate that all three regiments of the North Vietnamese 304th Division have moved into positions near the base. Documents captured near Da Nang, which suggest the presence of newly infiltrated elements of the 308th Division, provide further evidence of Communist plans for a major buildup targeted against installations around that city.

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The recent capture of two light-artillery weapons and a sand table model of the Hue citadel suggest that the Communists still intend to make another assault on Hue. The timing of any such operation may depend upon re-establishment of the enemy supply route from the A Shau Valley.

North Vietnam: The Vietnamese Communists are continuing to give wide publicity abroad to their recently created Alliance of National, Democratic, and Peace Forces. In the past several days, briefings have been given to the press in Paris and Prague and to diplomats in Hanoi claiming that the alliance is attracting South Vietnamese intellectuals and that it will become the basis of a coalition government in Saigon. In addition, to strengthen Viet Cong claims of territorial control, Hanoi Radio on 18 May announced that "people's liberation committees" are now administering 170 newly liberated villages in four of South Vietnam's delta provinces.



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France: De Gaulle reportedly plans no immediate cabinet reorganization to meet the present crisis.

National Assembly President Chaban-Delmas has said he is confident that the censure motion will fail and that De Gaulle will not immediately dismiss ministers under fire. Chaban-Delmas expects De Gaulle eventually to replace certain ministers who have been criticized for their handling of the student and labor unrest.

Gaullist confidence that the Pompidou cabinet will survive is based on the assessment that only one or two left-wing Gaullists will defect with Rene Capitant and that discreet government intimations of a future role for the center will win over enough of that group to ensure a government majority. This could explain the reported decision of over 20 centrists to refrain from voting for censure, thus ensuring a government victory.

Chaban-Delmas also says that De Gaulle is thinking of presenting a referendum to the people in order to regain the initiative. Such a move would entail definite risks, however, and would have no beneficial effect. Although De Gaulle has effectively used this device in the past, all earlier referenda concerned issues on which he had broad public support. Given the depth of opposition to Gaullist economic and social policies, he will probably be reluctant to resort to a nationwide vote.

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Sweden - North Vietnam: The Swedish Government has evidently decided to extend diplomatic recognition to North Vietnam within the next few weeks.

Foreign Minister Nilsson, in a recent radio statement, asserted that there are no divided opinions within his ruling Social Democratic Party on this issue and that the only question now is one of timing. The US Embassy in Stockholm speculates that the timing might be pegged to progress in the Paris talks or that a decision might be announced at the party's national conference on 9-15 June.

Recognition would reflect the sympathetic attitude taken by the Swedish Government toward Hanoi in recent months. Although Sweden continues to recognize South Vietnam, it decided last fall to break with its former practice of accrediting its ambassador to Thailand to South Vietnam as well. The Swedish Government reportedly has decided to permit the South Vietnamese National Liberation Front to open an "information office" in Stockholm.

The recognition of North Vietnam would be mainly for domestic political reasons. Party leaders hope it would unify the party and exert a strong appeal on other leftist elements whose support is necessary if the Social Democrats are to remain in power after the national elections this September.

[REDACTED]

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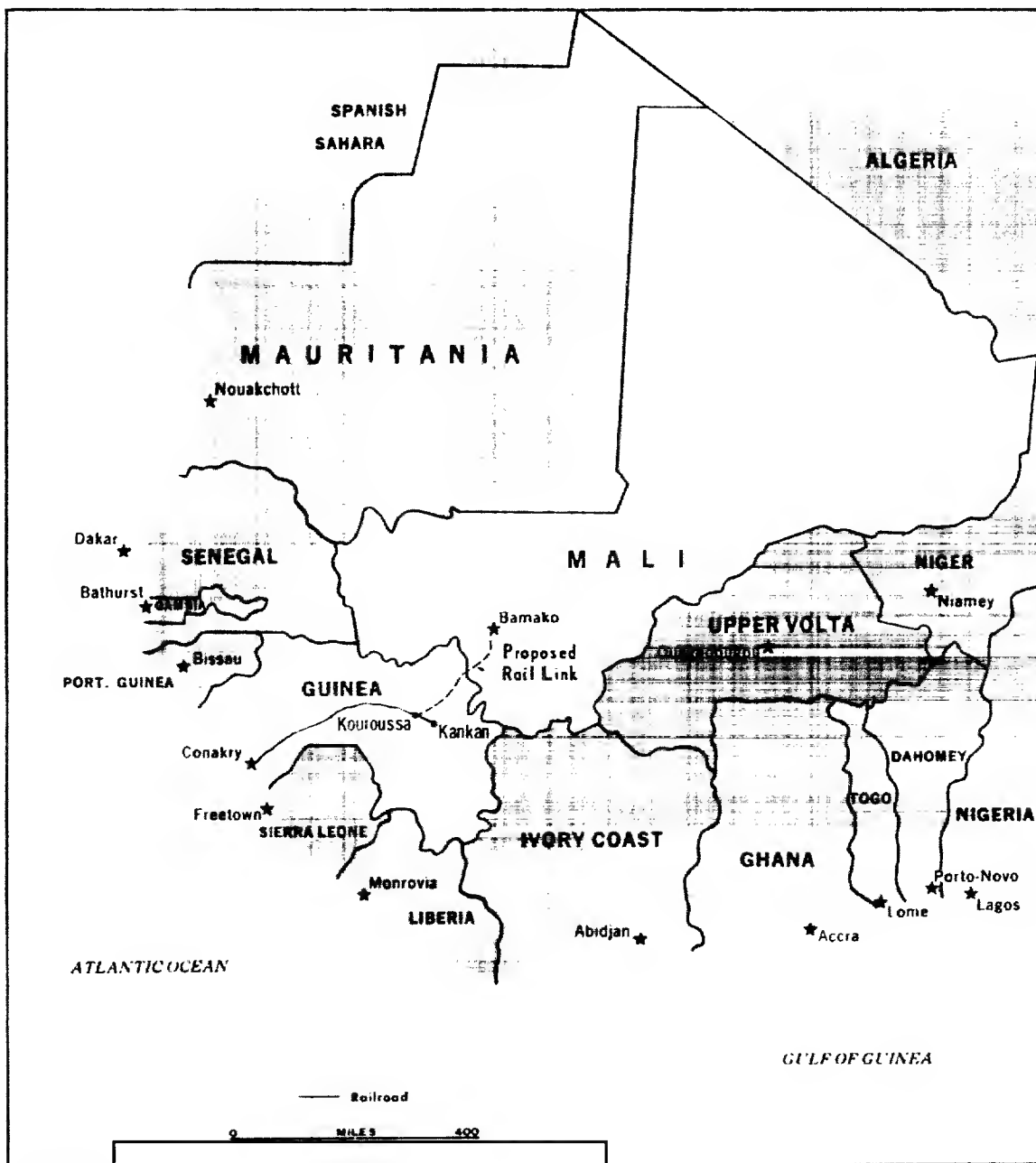
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Proposed Guinea-Mali Rail Link



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Guinea - Mali - Communist China: Mali and Guinea may be trying to persuade Peking to finance and construct a 200-mile rail line to link Guinea with nearby Mali.

The arrival of the Guinean and Malian foreign ministers on an undisclosed "joint mission" in Peking on 18 May, and a recent week-long visit by a Chinese economic delegation in Conakry, lend substance to reports that the project is under active consideration.

Guinea and Mali have previously raised the subject of the railroad's construction with both Moscow and Peking. Although the Guineans have probably made available an extensive survey completed by the Soviets on the proposed line in 1962, the Chinese are unlikely to commit themselves fully to the project before undertaking feasibility and cost studies of their own.

[REDACTED]

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Afghanistan: The uninspired performance of Prime Minister Etemadi's government is causing restlessness among politically aware elements in Kabul.

In recent weeks, the government has seemed unwilling to exert leadership over pressure groups and parliament. Students, through demonstrations backed by the legislature, have forced the government to accede to some of their demands. Leftist newspapers have stepped up criticism of the government and, by implication, the King. An unusual number of labor demonstrations and strikes have occurred, one erupting in violence. These activities have rankled powerful traditionalist elements.

Parliament is becoming increasingly critical of the government. Etemadi reportedly bowed to the legislature in accepting the resignation of one of his minor ministers in the wake of corruption charges. Fairly firm evidence indicates that friction within the cabinet has arisen over Etemadi's failure to stand up for the minister.

25X1 The key to future developments lies primarily with the King. [] he is deeply worried about the political situation. If difficulties continue, moderate elements may call on him to do something to reassert the powers of government. Conservatives may even urge a termination of his "experiment in democracy," a step the King would probably take only if he believed his own position were threatened. []

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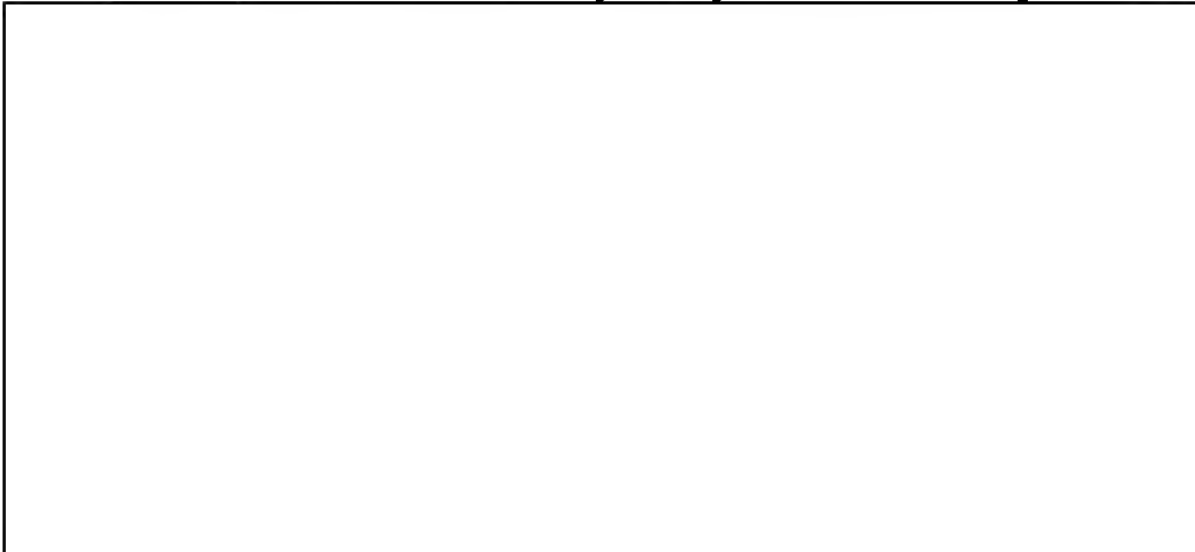
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USSR: Moscow has agreed to begin on 3 June the oft-delayed negotiation of a new US-Soviet cultural exchange agreement, according to "informal" word from a ranking Foreign Ministry official. The Soviet proposals indicate that Moscow wants a new two-year program basically the same as the previous one. A Soviet bureaucratic log-jam on the issue may have been broken by Foreign Minister Gromyko, who last week told Ambassador Thompson that he would check into the matter of getting talks under way.



Brazil-USSR: The Soviet space event support ship Kegostrov was still being detained by the Brazilians on 20 May, 16 days after it was first escorted into the port of Santos. A Soviet note of apology for the ship's "inadvertent" violation of Brazilian territorial waters apparently failed to satisfy the navy minister. The views of the Navy and Foreign ministries seem to be in conflict and President Costa e Silva has been asked for a decision. Brazil has been increasingly touchy about the frequent intrusions of Soviet ships, particularly fishing trawlers.

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South Korea: President Pak's reshuffle of the cabinet yesterday appears aimed in part at tightening the administration of internal security affairs. Transportation Minister Pak Kyong-won, a former career army officer who has served the President loyally in various cabinet positions, was named to the important position of home minister with control over the police. Other changes include the transfer of experienced administrators to head such security-related ministries as communications and transportation. [REDACTED]

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Eastern Europe: Recent rainfall has provided temporary relief of drought conditions in some areas of southern East Europe, but the wheat crop in Yugoslavia, Bulgaria, Rumania, and Albania has been damaged. Spring crops, including corn, sugar beets, fruits, and vegetables, will benefit from the rainfall, but prospects are uncertain even for these crops.

Rumania and Bulgaria will be compelled to draw on grain reserves and Bulgaria may even have to import grain. Bulgarian officials have tried through public addresses to allay public fears that food might be rationed. Even if the Yugoslav wheat crop reaches the currently forecast level of 3.8 million tons, Belgrade will have to purchase several hundred thousand tons of wheat on the international grain market during the crop year beginning next July. [REDACTED]

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[Haiti: The attempted overthrow of the Duvalier government by Haitian exiles appears to be failing. According to Haitian Government officials, security forces, reinforced by troops from the capital, have regained control of the Cap-Haitien airfield in northern Haiti which had been held briefly by the insurgents. They also captured two aircraft used by the invasion force, which reportedly numbered more than 50 men. Although details are sketchy, at least five exiles are said to have been killed in the operation and the remainder are being pursued by military units. Port-au-Prince remains calm as a roundup of suspected antigovernment elements continues.

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